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9 MAR 1972

MEMORANDUM FOR: Deputy Director for Support

SUBJECT : FY 1974 Program Estimates

1. In response to your request and the guidance provided at the 14 January and 11 February 1972 meetings, we are submitting the following in support of our FY 1974 Program Estimates from which you may wish to extract key portions in the preparation of the overall Support Directorate program memorandum. In compiling this information, we have structured it to be compatible with the six categories which are to be addressed.

a. Major New or Declining Activities:

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(1) The closing of the [REDACTED] will have some impact upon the Office of Logistics (OL). While it is too early to assess the total effect, we do know that certain procurement and supply activities in support of Far East stations will, of necessity, be transferred and carried out by our activities in CONUS; i.e., Headquarters, and [REDACTED]. Recognition of this fact was made in the assignment of five additional positions to the Office of Logistics in FY 1973 to handle this increase in workload. We are not in a position at this time to assess the impact beyond the commencement of FY 1974 or after the removal of the Residual Force from [REDACTED]. Events in Southeast Asia (SEA) during this period will dictate further needs in this area; however, for purposes of this estimate, we have budgeted for additional funds in FY 1973 and FY 1974 at our depots for packing and crating efforts formerly performed [REDACTED]. In addition, we anticipate the General Services Administration (GSA) reimbursable labor provided at our [REDACTED] will increase approximately 10 percent [REDACTED]. This latter element is needed to cover an anticipated 25 percent increase in the number of line items to be handled by this depot. Total increase for the above is approximately \$66,000 per year over current levels.

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(2) Printing Services Division (PSD) is continuing its collaboration with the Office of Computer Services (OCS) and intelligence production elements

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of the Agency targeted towards advances in the automated text processing systems which will more adequately meet their needs. It is anticipated that, by FY 1974, it may be necessary to install a computer terminal system in the PSD Building which will interface with OCS and the intelligence production offices which are producing the Agency's publications. We are unable to estimate the budgetary effect of this change in our production system at this time. There is little doubt, however, that the continuing emphasis on high-quality printing in the Agency's publications, as well as the increasing necessity for speed in their production, cannot be met unless our production system is automated more effectively than at present. We also anticipate that the use of microforms in connection with the information handling and storage operations of the Agency will continue to expand and at an increasing rate. This will necessitate continued emphasis on the acquisition of equipment and the development of facilities which will meet these increasing needs most efficiently. The funds for this latter effort are included in our estimates and are addressed further in paragraph f (3), below.

**b. Particularly Sensitive Objectives or Issues:**

Although we have not included an estimate in either our FY 1973 or FY 1974 submissions, there has been an objective for some time to provide or reimburse employees in the metropolitan area who must pay for parking. We recognize that this is a sensitive issue, but feel that the equities of the situation call for some form of relief. The annual cost to the Agency to provide free parking to those employees who are currently paying to park would be approximately \$273,000.

**c. Major Anticipated Problems:**

We anticipate a number of major problems which are of considerable concern to us and may have substantial budgetary impact upon both funds and personnel ceilings. However, the factors surrounding these actions are in a state of flux and it is not possible or practical at this stage of the game to attach dollar or personnel figures to them. As an example:

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(1) A major problem which we anticipate but cannot quantify at this point is the trend of GSA to provide less and less service due to their severe budget restrictions and their lack of qualitative expertise to service sophisticated special-purpose areas. We have already experienced some effects from this cutback. One of the most serious areas lies in the maintenance and operation of utility systems in support of our special-use areas. GSA considers this outside their area of normal responsibility. At the present time, a complete study of this situation is underway; upon completion of the study, appropriate recommendations will be made. Depending upon the recommendations made and approvals given, our entry into fields previously reserved to GSA could have major impact upon both personnel and dollar resources.

(2) A number of proposals have been put forth involving the consolidation of computer facilities within the Headquarters Building. Each involves major relocations, renovations, and, to a varying degree, upgrading of heating, ventilation, and air-conditioning support systems. Several involve major construction efforts. Until a total plan is approved, it is not practical to assess the total dollar impact on Agency resources.

25X1C (3) Another of our concerns for which a tangible figure is not available concerns the loss of overseas assets, which have been heavily involved in large-scale [REDACTED] activities. The loss of these assets seriously impacts upon our ability to support such operations should further requirements arise in SEA.

(4) Closely allied to the above is our concern with the need for unreduced logistical support to Agency elements both in CONUS and throughout the world in light of a continuing reduction in personnel to accomplish this mission.

d. Unfunded Requirements that May Result in Requests for Releases from the Agency's Reserve for Contingencies During FY 1973:

In light of the definition of the purpose of the reserve, we do not feel that any high-dollar contingency with which we may be faced will be such that reserve funds will be approved for use.

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e. Currently Pending or Anticipated Decisions on New or Changing Activities for Which the Primary Resource Impact on the Agency will Occur Beyond the Program Period Under Consideration (i.e., FY 1974 and Beyond):

(1) For a number of years, the Building Planning Staff, OL, has been studying various ways in which there could be a consolidation of Agency components on the Langley compound. Various master plans were developed; however, the recent acquisition of a smaller tract of land from the Federal Highway Administration than originally anticipated has caused a re-thinking of how best to utilize the land obtained.

One of the elements in the original master plan appears to be worth pursuing. It provides for an expansion of the current PSD Building presently located on the compound. As part of the overall Master Plan, eventual consolidation at Langley will find like functions working in the same areas. Since the PSD Building already houses a major OL component which by its nature and special requirements must remain in place, this building is planned for consolidation by OL. On this basis, it is tentatively planned to move components of OL now located in the Ames Center and Headquarters Buildings into the new extension. Space vacated by OL will be backfilled with other components now located in the Magazine Building. This move will consolidate OL in the PSD Building with the exception of the Headquarters Engineering Branch, Real Estate and Construction Division (HEB/RECD), certain elements of the Logistics Services Division (LSD) directly concerned with the operation of the Headquarters Building, and the Special Printing Plant located on the seventh floor.

While other Agency units could be moved into the extension, because of its size and relation to the original building occupants, OL is the preferred new occupant. Space made available in the Headquarters Building by vacating OL units will be made available to the Office of Basic and Geographic Intelligence (OBGI), further consolidating DD/I components in the north wing of the Headquarters Building.

*in error*

As one aspect of this phase of master planning, the Agency could return to GSA the "second class" Magazine Building with a net space savings of 12,115 square feet. The release of the Magazine Building will provide a cost savings to the Government of \$301,267 in rental per year; it will also

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provide to the Agency an annual recurring savings of \$65,000 through reduction in the guard force, plus additional savings through reduced transportation requirements, reduced courier and messenger service, reduction in telephone mileage charges, and sizeable savings in personnel time expended in travel to and from Headquarters and Rosslyn.

The present building houses a printing plant and the addition will provide for consolidating those PSD operations which are presently located in Headquarters, and the paper storage at [REDACTED]. The construction of humidity-controlled space for paper storage is a necessity in present-day computerized printing. Present techniques at [REDACTED] for conditioning paper are barely satisfactory. The storage requirements at [REDACTED] will be greatly reduced and could release up to 4,000 square feet for other storage requirements.

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It follows that as long as you have a warehousing requirement not only for PSD but for the Building Services Branch (BSB), LSD, it is logical to consolidate warehousing into one location for greater efficiency. This construction will provide replacement storage space and release potential office space now used for bulk storage in the Headquarters Building of approximately 4,000 square feet. In consolidating the Ground Floor Printing Plant (Ground Plant) with the other printing activities, approximately 7,000 square feet of additional Headquarters space would be vacated. Therefore, by this expansion, we would gain in total 11,000 square feet in the Headquarters Building to meet urgent expansion requirements.

As part of this construction, a pedestrian and services tunnel will connect the Headquarters and expanded PSD Buildings and provide for services; i.e., extensions of the Headquarters pneumatic tube systems, secure telephone lines, etc.

The total estimated cost of design and construction for this addition is \$7,115,000. This amount includes the construction of approximately 121,994 square feet of floor space suitable for office, special-purpose uses, and storage. It also includes the necessary installation and connection of all utilities to our present powerhouse

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and the construction of a tunnel linking the PSD Building to the Headquarters Building and a small expansion of the present West Parking Lot parking facilities to accommodate 150 vehicles. This would meet requirements generated by OL consolidation and is consistent with the earlier discussed Master Plan.

For budgetary purposes and to achieve occupancy in FY 1978, it is estimated that \$550,000 will be required in FY 1974 for architectural and design work with construction to be initiated in FY 1976. Construction funds in the amount of \$6,565,000 will be required in FY 1976.

(2) Included in our Program Plan submission for FY 1973 was a proposal for the planning, design, and construction of a new building to replace the present NPIC [REDACTED]. This new facility is necessary to provide adequate space and meet environmental conditions required by sophisticated and sensitive equipment unique to this operation. The present facility is antiquated by modern and scientific standards and is subject to further deterioration by planned construction programs in the immediate area; [REDACTED]

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Our proposed plan estimated the cost of conceptual design, including ancillary studies, at approximately \$1,185,000 and the basic architectural and engineering services, including executive agency administrative costs, at \$2,815,000, or a total of \$4,000,000. It is our understanding that the Office of Management and Budget (OMB) has authorized only \$500,000 in FY 1973 to initiate the conceptual design and ancillary studies. In light of this reduced figure, we have developed a revised plan for the design and construction of the new NPIC building outlined below:

Based upon the availability of \$500,000 in FY 1973, we would initiate limited conceptual design efforts and special studies relating to structure, foundations, liquid waste disposal, or recycling, and microseismic surveys. However, in the event surge funds could be made available in FY 1972, we could initiate a portion of the above efforts totaling approximately \$190,000 with the balance in FY 1973. Concomitant with the above, we would need approval for an increase in our contract

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ceiling to hire engineering and other technical personnel to supplement the present small Building Planning Staff (BPS), OL. It would be impractical to undertake an effort so complex and of the magnitude contemplated without an augmentation of this staff. Necessary changes in cost and ceilings for later years are shown below.

In FY 1974 the conceptual design and related studies would continue. The focus of the design efforts would be narrowed and become more detailed based upon a site selection in the last half of FY 1973. The total estimated cost of these efforts in FY 1974 is approximately \$660,000.

Detailed architectural design and engineering for construction would be initiated in FY 1975 at an estimated cost of \$3,510,000 and could be completed in 12 months.

Based upon the foregoing, a construction appropriation and contract to proceed should be made in FY 1976. The estimated cost of construction is approximately \$49,700,000; and, if contracted for in FY 1976, it is anticipated that the new building would be ready for occupancy in the latter part of FY 1978. Included in the above amount is approximately \$2,500,000 for a liquid waste disposal or recycling system. It is a distinct possibility that we may be faced with such a requirement for NPIC whether we construct a new building or not. The environmental laws and regulations are becoming more and more stringent in this regard.

In summary, the budget and personnel estimates by fiscal year are as follows:

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	(In Thousands)			
	<u>FY 73</u>	<u>FY 74</u>	<u>FY 75</u>	<u>FY 76</u>
Special Structural Foundation and Liquid Waste, Seismic Studies	220	260		
Phase 1, Conceptual Design	280	400		
Detailed A&E			3,510	
Construction				49,670
<b>TOTALS</b>	<b>\$ 500 *</b>	<b>\$ 660</b>	<b>\$ 3,510</b>	<b>\$49,670</b>

\* \$190 could be surge funded in FY 1972.

Contract Personnel to be Phased-In as the Project Progresses:

1	Civil/Structural
1	Electrical
1	Mechanical
1	Systems
2	Construction
2	Technical-Computer space planners
2	Architects
1	Draftsman
2	Clerk/Steno
3	Security (Construction Monitoring)

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Contract Ceiling Increases by Fiscal Year:

<u>Fiscal Year</u>	<u>Increase</u>	<u>Total</u>	(In thousands) <u>Salary and Support</u>
FY 1973	*8	8	\$ 175
FY 1974	3	11	210
FY 1975	0	11	210
FY 1976	4	15	470
FY 1977	1	16	550
FY 1978	-4	12	415

- \* If FY 1972 surge funding is made available, three of these positions will be required in that fiscal year.

f. Changes in Resource Needs for FY 1973 and FY 1974:

(1) We are currently experiencing a rather substantial increase in the use and cost of printed forms in FY 1972. Our original budget estimate based on prior experience was \$270,000. However, a requirement to furnish six new forms to be used in conjunction with the ACT communications system has seriously depleted this account. While ACT will not be operational until late spring, it has been necessary to order the new forms for testing and training, as well as stocking initial quantities. In the interim, we must still utilize the old forms which have also increased because of increased traffic. There will not be a corresponding nonrecurring cost in the OL forms budget for FY 1973 or FY 1974 as the new forms come into use, since four of the new forms replace teletype paper which is currently furnished and budgeted for by the Office of Communications. An offset in our respective budgets is necessary. The net increase in FY 1973 and FY 1974 is approximately \$60,000 over current levels. The shortages in FY 1972 will be addressed in a separate memorandum.

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(2) For the past several years, we have undertaken a planned and orderly rehabilitation and renovation program at the [REDACTED]. The current budget provided for the construction of a new [REDACTED] rehabilitation building and the design of an addition to the equipment maintenance building and a new carpenter shop. Our original FY 1973 submission called for the construction of these latter two buildings; however, funds for this effort were deleted during budget reviews. In order to continue the program and maintain our planned rehabilitation schedules, we have resubmitted in our FY 1974 estimate the cost of constructing the maintenance building addition and the new carpenter shop and have also included the planned design and construction of new post engineer shops and the design for a fire house modernization. The estimated cost of the above in FY 1974 is \$480,000.

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(3) As a result of a survey conducted several years ago by a printing consultant, a program was established for the planned replacement of equipment which exceeded its useful life due to wear and tear or obsolescence and the purchase of new and different equipment to meet changing requirements. This program was successfully carried on until FY 1972 and FY 1973 during which years the budget was substantially reduced to \$122,000 and \$220,000 from \$220,500 and \$395,500, respectively. This represented substantial reductions in the planned schedule of purchase and replacements. In order to get the program back on an orderly schedule and insure minimal breakdown in production and handle the new requirements being generated, our FY 1974 submission is being submitted in the amount of \$362,261, or an increase of approximately \$142,000.

(4) Recent decisions by governmental and regulatory agencies have caused substantial increases in the cost of support services provided by OL which were unprogrammed in FY 1972 and FY 1973 and will continue in years to come; namely, postage and telephone rates. The impact on FY 1972 postage costs will be addressed in a separate memorandum. However, the combined effect of both postage (\$42,320 - FY 1973, and \$48,420 - FY 1974) and telephone rate increases (\$299,819 - FY 1973/74) result in an increase of approximately \$342,000 and \$348,000 in FY 1973 and FY 1974, respectively. In addition, we forecast a continuation of the nominal increase in services and toll charges we have been experiencing in past years.

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(5) While not large in themselves, a number of new requirements have been added under support services which have a substantial cumulative effect and impact seriously on our current budget as well as FY 1973 and FY 1974. These new requirements can be categorized as modern or new generation office supplies and equipment. The total cumulative dollar amount for these items is \$195,000. While not all inclusive, the following are typical examples:

(a) The use of Xerox paper has substantially increased as a result of Cable Secretariat's use of this method for duplicating and the ever-increasing volume of communications traffic -- \$20,000 per year.

(b) Prior to February 1971, the cost of Xerox developer was included in the Xerox equipment rental cost which was charged to the individual using component. A change in Government policy precluded this feature in all contracts negotiated after this date. While there is no net increase in cost to the Agency and savings are realized by the using component, it now becomes necessary for OL to separately procure and stock these items, with no corresponding increase in our budget -- \$55,000 per year.

(c) A similar situation exists within the Agency for the procurement of microfilm printer supplies. Each component utilizing this equipment formerly funded the cost of its own supplies. In the interest of consolidation and more effective stock and procurement management, this function will be absorbed by LSD in FY 1973. Again, there is resulting decrease in component costs, but a corresponding increase must be made in the OL budget to procure these supplies -- \$17,000.

(d) A recent decision was made to establish the IBM Selectric II typewriter with self-obliterating ribbon as the Agency standard. The self-obliterating ribbon, while lasting as much as 12 times longer than the one-time ribbon, costs \$6.90 each, versus \$ .39 each. Because the program is new, no firm usage rates have been developed at this point. Nevertheless, at the above cost rates and expected life cycle, we

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anticipate an increase in yearly costs for this item, exclusive of the initial stock procurement costs which must be expended in the current year -- \$20,000 per year.

(e) In an effort to improve the quality of employees' working environment, several programs have been instituted in conjunction with the Agency Fine Arts Commission. One is the gradual replacement of the standard Class A executive furniture with the more modern unitized-wood type of furniture. In order to make these changes, it will be necessary to expend funds at a greater rate than usual for FY 1973 and FY 1974 in order to acquire an adequate stock of furniture -- \$27,000 per year.

(f) Several years ago the Office of Security (OS) conducted a survey of safe filing cabinets and determined that certain types were obsolete: 1 any Remington Rand, 2 any make with a receding door, and 3 twist handle Herring Hall Marvin cabinets with the lock in the middle of the control drawer. The report of the Building Security Committee stated that "as a start towards the elimination of obsolescent security containers, any of the above-mentioned containers which are returned to stock should be surplus as received. No money should be spent for repair of these containers and, once returned to stock, they should not be reissued."

In response to our request in April 1970, OS advised that we should anticipate 60 condemnations for the balance of FY 1970 and approximately 300 safes per year thereafter until we had disposed of the obsolete equipment. To complement this plan, OS and OL moved Remington Rand and other obsolete safes from less secure areas into vaults or other more secure areas as opportunities presented themselves, thus adding to the general security posture until these low-security cabinets could be disposed of completely.

In FY 1971, through use of budgeted funds and supplemental funding, we were able to procure 237 safes. Through reprogramming in the current fiscal year of \$54,000 and a like amount in FY 1973, we will be able to procure 144 safes each year. However, at this rate of replacement, it will take approximately 26 years to replace these obsolete safes.

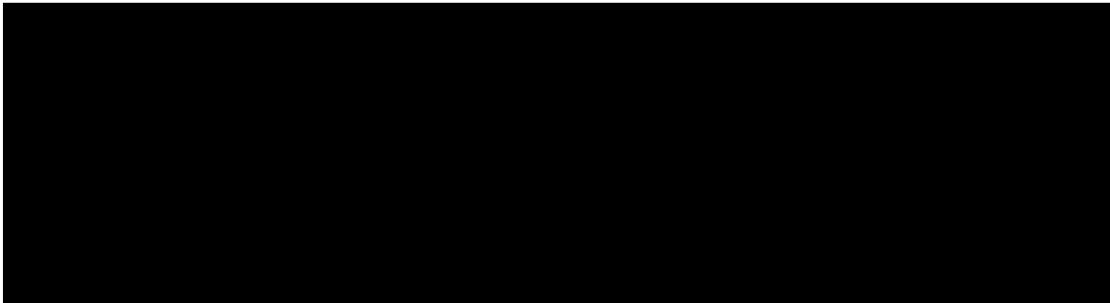
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In view of the foregoing, we have increased our estimates for FY 1974 and subsequent years to \$108,000, thus reducing the replacement time to 13 years. This process can be speeded up at any time by the availability of supplemental yearend funds. The total cost of the replacement program is approximately \$1,600,000.

The above are just a few examples and are not meant to be all inclusive. We continue to face new or additional requirements in the Administrative Stock area each year and face increasing costs for these materials and services.



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In addition, most of our modifications, renovations, and other reimbursable services at the Headquarters Building are accomplished by GSA forces in the Wage Board category. The approved and forecasted salary increases directly affect the cost of the individual projects they accomplish on behalf of LSD. While we are not able to accurately forecast the total increases based on these salary adjustments, we estimate an increase of \$84,000 and \$119,000 for FY 1973 and FY 1974, respectively, based solely on the current level of reimbursable work they are performing.

(7) In our Program and Budget submissions for FY 1973, we had included an amount of \$1.9 million for engineering and support projects to improve or accomplish major modifications to the utility systems in support of both special-use areas and general office space. We have since learned that OMB approved only \$700,000 of this amount and that the Office of Planning, Programming, and Budgeting (O/PPB) agreed to surge fund this in the amount of \$435,000 in FY 1972. This leaves a balance of \$265,000 for FY 1973, and we are revising our budget to reflect this amount and indicating those projects which can be

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accomplished within this amount. The remaining \$1.2 million of the original \$1.9 million requested and the projects associated with this amount is included in our FY 1974 submission, together with certain new projects which are planned for that fiscal year. A list of these FY 1974 projects and explanation is set forth in Attachment 1 to this memorandum. The total estimated cost for FY 1974 is \$2,048,000.

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3. In support of the above Program memorandum, we have attached the machine run (Attachment 2) detailing our FY 1974 Program Estimates which have been annotated to show target priorities and performance evaluations by FAN account.

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